

GOLD AND SILVER.

COINAGE OF SILVER DOLLARS.

S P E E C H

OF

HON. H. G. DAVIS,
OF WEST VIRGINIA,

IN THE

Senate of the United States, February 11, 1878.

The VICE-PRESIDENT. The regular order is demanded. The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. No. 1093) to authorize the free coinage of the standard silver dollar and to restore its legal-tender character.

Mr. DAVIS, of West Virginia, said:

Mr. PRESIDENT: In presenting my views I shall be brief, endeavoring to state simply the conclusions at which I have arrived rather than go into details or make an argument. If I should misstate any fact or proposition, I have no objection to being interrupted.

The bill now before the Senate proposing to remonetize silver and again make it a legal tender for the payment of all debts is in my opinion of great importance, especially to the agricultural, manufacturing, laboring, and debtor classes. I think, in view of the benefit that may result from its passage after fair discussion upon its merits, it should be acted upon promptly, particularly as the country is in suspense, and until a conclusion is reached upon this most absorbing question business must in a measure be retarded and the future uncertain.

THE SILVER DOLLAR.

I find upon investigation that the silver dollar was a legal tender for all debts, public and private, and for any amount, from the formation of our Government until the year 1873 or 1874. In 1792 Congress established a Mint. The money standard then was made gold and silver in the ratio of 1 to 15, and each made a legal tender without limit. By the acts of 1834 and 1837—

	Grains.
The ratio was fixed at near	1 to 16
The weight of the gold dollar being	25.8
The weight of the silver dollar being	412 $\frac{1}{2}$
The act of 1873 made the present subsidiary silver coin in two half dollars, four quarters, or ten dimes	385.8
The two former being legal tender for any amount and the latter for \$5 only, all of "standard value," or nine-tenths fine.	

DOUBLE STANDARD.

When the "coinage act" of 1792 was passed it was a question long and carefully considered whether silver alone should be the standard of value or whether the double standard of gold and silver should

be adopted, and it required the united efforts of Hamilton and Jefferson, and the approval of Washington, to include gold in the act and make the standard a double one. This would indicate that the founders of our Government thought more of silver as a circulating medium than of gold.

The double standard of gold and silver worked well from 1792 to 1873, not only in this country but in all others that adopted it, with but little change in the relative value of each and with no inconvenience to the people, either in trade, commerce, or general business.

POPULATIONS WHO USE SILVER.

The people of the world who use silver as a standard are more than four times as many as those who use gold, and twice as many as use the double standard and the single standard of gold combined.

After careful research from the most reliable information I can obtain, I find the proportion to be as follows:

Population under silver standard	876,700,000
Population under gold standard	180,450,000
Population under gold and silver standard	132,500,000
	<hr/>
	312,950,000

Making a majority in favor of the silver standard over both of the others of 563,750,000

The United States is omitted from the above estimate because their position is uncertain.

ESTIMATE OF THE WORLD'S GOLD AND SILVER.

The estimated amount of gold and silver in the world in 1848, when gold in California was discovered, was as follows:

In gold-plate—bars and coin	\$2,800,000,000
In silver-plate—bars and coin	4,000,000,000
Gold, in coin and bars	\$1,200,000,000
Silver, in coin and bars	2,200,000,000
Between 1848 and 1876 the production of gold and silver was	<hr/> \$4,582,000,000
Between 1848 and 1876 the production in gold was	<hr/> \$3,215,000,000
Between 1848 and 1876 the production in silver was	<hr/> 1,357,000,000
Total coinage in United States, from 1792 to 1877, inclusive, was—	<hr/>
Gold	\$983,159,695 00
Silver	208,872,291 40

Mr. EATON. How much of that silver was legal tender?

Mr. DAVIS, of West Virginia. Nearly the whole of it was legal tender, as I understand. I understand that up to the act of 1873 the silver that was coined in the United States was a legal tender for all debts and purposes. I believe I am right in that.

Mr. EATON. No, no.

Mr. DAVIS, of Virginia. Well, up to 1853; and after that the dollar, until 1873 or 1874. Is that not right?

Mr. EATON. Yes, sir.

Mr. DAVIS, of West Virginia. It has been found by actual experience that the double standard of gold and silver works well; one aids and corrects the other. It has been well said "that gold and silver are the two legs upon which trade, business and commerce walk, as the two legs of a person move the body. Remove or cripple either and you put the nation on crutches"—as has been our experience since 1873.

BANKS OF ENGLAND, FRANCE, AND GERMANY.

France, for instance, has had the double standard since 1803 and is

the most prosperous of all nations, and even under the disadvantages of an expensive war and a disastrous defeat she raised and paid off an enormous debt in an almost incredibly short period. She had in her vaults on the 1st day of January last more coin (gold and silver) than England and Germany combined, and perhaps more than all the countries together that use the gold standard alone.

The latest official figures of specie in the Banks of England, France, and Germany, are as follows :

December 15, 1877, Bank of France, coin and bullion, 2,065,376,326 francs, equal to.....	\$413,075,265
January 9, 1878, Bank of England, coin and bullion, £24,508,001, equal to.....	122,540,005
December 27, 1877, Bank of Germany, in coin and bullion, 489,000,000 marks, equal to.....	122,250,000
England and Germany together.....	244,790,005

Coin in Bank of France more than banks of England and Germany combined	168,285,260
--	-------------

The above official figures show that the Bank of France, under the double standard of gold and silver, had at the dates named more than three times as much coin as either the Bank of England or Germany under the gold standard, and \$168,285,260 more than both together.

THE CONSTITUTION.

Mr. President, the Constitution recognizes "coin," and names gold and silver as the money standard, and forbids the States from "making anything but gold and silver a legal tender for the payment of debts." If Congress can demonetize silver, it can also demonetize gold, or both, and what then would become of the money known to and authorized by the Constitution, or what could the States make "a legal tender for the payment of debts?" We should be without coin as a circulating medium, and the finances of the country would be in a more depressed condition than now; indeed no one can predict the evil that would follow.

THE BONDS.

No one will question the fact that previous to the re-funding act of 1870 the Government bonds were all paid for in what is known as "greenbacks," at an average in gold of between sixty and seventy cents on the dollar, and the bonds did not reach par in gold until in 1872 or 1873.

By the acts of 1869 and 1870 the Government lost and the holders of bonds gained largely, as is shown by the following table compiled, as I believe, carefully and correctly, showing the amount of bonds sold in various years, the price paid when reduced to gold, and the profits to the holders :

Six per cents.	Amounts sold.	Sold for gold.	Profits.
1862.....	\$60,982,450	\$44,030,649	\$16,951,801
1863.....	160,987,550	101,890,854	59,026,694
1864.....	381,292,250	186,697,636	191,594,614
1865.....	279,746,150	208,214,090	71,502,060
1866.....	124,914,400	88,591,773	36,322,627
1867.....	421,469,550	303,215,503	118,254,047
1868.....	425,443,800	312,826,323	112,617,477
5 per cents.....	193,139,550	122,957,410	72,182,140
	2,049,975,700	1,371,424,238	678,551,460

The profits to holders of bonds were \$678,551,460 or about one-third of our national debt. The bonds by the act of 1869 were made payable in coin, gold, or silver, and the obligation is the same in law and equity as if the bonds read payable in silver dollars of $412\frac{1}{2}$ grains or in gold dollars of 25.8 grains.

Previous to February, 1873, and perhaps now, not only the bonds of the United States, but those of States, corporations, cities, counties, towns, and individuals, that were made payable in coin were payable in gold or silver, and it is a violation of the contract now to say they shall be paid in gold alone or silver alone. We have no right to make a change in the contract, either in favor of the creditor or debtor.

COINAGE ACT OF 1873.

Various bills proposing to demonetize silver had been introduced in Congress previous to 1873, but they received but little or no attention. When the silver dollar was dropped from the coinage, in February, 1873, it was so disguised in a coinage bill that it received but little notice in either House of Congress or from the press of the country. It is said that the President who signed the bill was not aware of the now pretended demonetization of silver by that act until long after it became a law, and consequently there was not fair notice or discussion of the subject. But the effect of its passage was soon felt. The result was a stringency in the money market, and in a few months a financial panic followed from which the country has not yet recovered. The immediate effect of its passage was to add to the value of gold and gold securities of all kinds, and consequently there was a shrinkage of all other values, and a general stagnation of business and great commercial distress.

The following table shows the number of failures in this country since and including 1871, the amount of liabilities, and the percentage of bankrupts to the whole number of firms :

Years.	No. of failures.	Percentage of failures.	Amount of total liabilities.
1871	2,915	1 firm in 163	\$85,252,000
1872	4,069	1 firm in 130	121,036,000
1873	5,183	1 firm in 108	228,499,000
1874	5,830	1 firm in 103	155,239,000
1875	7,740	1 firm in 83	201,060,000
1876	9,092	1 firm in 69	191,117,000
1877	8,872	1 firm in 73	190,669,000

This was under the single standard of gold. Now try the double standard of gold and silver, and the result may be a change for the better.

GERMANY, ENGLAND, AND FRANCE.

Germany decreed the demonetization of silver in about 1873, and, although she drew from France, as a war indemnity, the enormous sum of more than a billion dollars in gold, yet her finances are not in a healthy condition, while France is prosperous. Many attribute this to the fact that while France has the double standard Germany uses the gold standard alone.

It is a fact worthy of notice that our silver dollar coined previous to 1873 and as proposed by the pending bill—that is, the dollar of $412\frac{1}{2}$ grains—undervalues silver as compared with its valuation in France. That is, we give 16—or, to be precise, 15.98—in weight of silver for 1 in gold, while France gives but 15 $\frac{1}{2}$ for 1.

It is said the friends of the gold standard in England and Germany assigned as one of the reasons for the demonetization of silver that if it had not been done money would have become cheap and labor dear. When California and Australia had produced large quantities of gold Germany demonetized it, and in 1872 when silver became more abundant it was in turn demonetized and gold made the standard. London, Berlin, Frankfort, New York, and the other moneyed centers, as also the leading bankers of the world, with Rothschild at their head, want the gold standard adopted and labor for it, for the reason that they are rich and have large amounts due them and the more value they give money the greater their wealth and profit.

LABOR AND CAPITAL.

In the discussion of this question I do not find it necessary to reflect upon capital or labor. I am a friend of both, and have a good word and kind feeling for each. By laws man cannot control they are and ought to be friends; they should go hand in hand; they are necessary to each other; one cannot be well and the other sick. A nation cannot prosper for a long time when they are at war; they may be arrayed against each other temporarily, but bad results are sure to follow and continue until their natural harmony is restored. One depends for prosperity and health upon the other. They should support and uphold each other; they have equal and the same right to protection.

EFFECT OF REMONETIZATION.

Our subsidiary coin of 385.8 grains to the dollar is worth in market about ninety-six cents, while 412½ grains of silver bullion (or 26.7 grains more) is worth four or five cents less. Let the 412½ grains of silver be coined and made a legal tender and it will become equal in value to the gold dollar of 25.8 grains. If you were to remonetize silver to-day and then pass an act demonetizing gold, I believe their relative values would soon be reversed.

If we continue gold only as our standard of money, it reduces the amount of coin in circulation in this country and the world, and may influence other nations to follow the example. If we remonetize silver the other countries which have demonetized it may follow, and the countries which now use the double standard will be encouraged to maintain it.

GOLD AND SILVER.

Mr. President, no country has yet or can, if it is on a solid or specie basis, carry on its ordinary daily business transactions without the use of silver in some form. It is used to-day in England, Germany, this country, and, in fact, in all other countries, and we cannot get along without it, while gold is not used by a large majority of the people of the globe.

England, a single-standard country, has silver coin in circulation and general use amounting to \$80,000,000
And it is a legal tender for £2, or \$10.
Germany is also a gold-standard country, and has in circulation silver coin amounting to 100,000,000
France has in general use of silver coin more than 200,000,000
I believe the United States can and ought to use to advantage silver coin amounting to fully 200,000,000

It has been urged that the silver dollar should contain more than 412½ grains, but the advocates of this theory are not agreed as to the amount. Some want 420, some 430, and some even as much as 450 grains. There are several objections to this position. It would change the dollar named in the Government bond for one of greater value.

It would increase the value of all State, county, corporate, and individual indebtedness, which would not only be a violation of the contract, but add to the burdens of the Government and increase the hardship of all debtors.

It would make the silver of greater value than the gold dollar, and drive the silver dollar from the country, deprive us of its use as a circulating medium, and leave us with the subsidiary coins of 385.8 grains to the dollar and the greenback dollar, both of less value. Our monetary commission have reported in favor of $15\frac{1}{2}$ to 1, which would make a dollar of less than $412\frac{1}{2}$ grains. Again, the silver dollar when demonetized contained $412\frac{1}{2}$ grains, and when restored it should be the same. If after a fair trial it should prove to contain too much or too little silver, it can be changed by Congress.

There is more silver used in the world than gold, and if all the nations follow the example set by us and demonetize silver, more than one-half of the money of the world would at once disappear, and this would bring financial ruin and great distress on all lands and all people.

EFFECT OF PASSAGE OF BILL.

The principal point raised by the opponents of this bill which has weight is in my opinion the assumption that its passage would tend to drive gold out of this country as a circulating medium. I do not think it will. No one can with certainty predict the effect it will have, but I think it will be productive of good, and is at least worth a fair trial. I believe if silver should be remonetized and made a legal tender as proposed in this bill, it will take its former and natural place and become the peer of gold as heretofore and largely increase our coin circulation.

Gold and paper currency are steadily approaching each other; the prospects are a paper dollar will soon be worth a dollar in gold, and this in my opinion is partly due to the belief that silver will be remonetized at an early date.

I believe the passage of this bill will greatly aid in resuming and continuing specie payment, because it will largely increase the amount of coin with which to resume, and may prevent violent and unnecessary raids on the Treasury or the banks by brokers or other dealers in money.

Mr. President, some say if silver should be restored to its former value it will flood the country. My answer to this is that such a thing has never occurred here or elsewhere, and with the present limited capacity of our mints, estimated at less than \$30,000,000 per annum, and the adoption of the Senate amendment to the bill limiting the coinage of silver to less than \$50,000,000 per annum; and with the further fact that silver has a value the world over, it is hardly probable that there will be a redundancy in the country.

In the discussion of this bill, its opponents have often, with much emphasis, asked, "Are you going to coin $412\frac{1}{2}$ grains of silver, call it a dollar, and pay it to the laboring classes, when it is only worth ninety cents?" To my mind there is a ready answer to this question. I believe that the dollar proposed by this bill will soon after its coinage be equal in value to a dollar in gold, and therefore beneficial instead of working an injury to the laboring or any other classes.

Up to the late war silver coin, as proposed by this bill, was the equal of gold for all purposes, and to-day our subsidiary coin of 385.8 grains, which is of much less weight than the dollar authorized by this bill, has the same purchasing power as a dollar in greenbacks, and is in general use among the laboring, business, and all other classes, and no objection is heard from them. This being the case,

certainly a dollar of $412\frac{1}{2}$ grains, with full legal-tender power, and therefore more valuable, ought to be acceptable to all.

More than this, in England and Germany, both having the gold standard, there is in circulation silver to the value of about \$200,000,000, and measured by gold is of less value than the coin proposed by this bill. Yet it is also in general use among the laboring and business classes, and we hear no cry of injustice to the laborer.

From this discussion it would seem that the laboring classes have found *new friends in those who oppose this bill*. But in 1869 and 1870, when the bonds were made more valuable, and in 1873, when the silver dollar of $412\frac{1}{2}$ grains was stricken down, not a word was heard from the class who oppose this bill about the laboring classes or their interests. The fact is the laboring classes make no objection to this bill; four-fifths of them favor it; yet the money centers oppose it, partly, as they claim, in the poor man's interest.

I am in favor of restoring the silver dollar to its place, just as it was previous to the act of 1873, which prohibited its further coinage.

The fear expressed by some of inconvenience in the transaction of business, if silver should be remonetized and made a legal-tender, is exaggerated, because it is an admitted fact that all the larger business transactions are done through clearing-houses, banks, and by checks, and but little money is actually handled, estimated at less than 5 per cent. in the large cities. What is most needed is a coin basis.

Justice requires that we restore silver to its proper place, and I believe more than two-thirds of the people favor the measure. By doing so we can do little or no harm to any one, and will largely increase the money and wealth of the country and the ability of the Government and the people to pay their debts and to resume specie-payment at an early date.

ENGLAND AND GERMANY.

It is believed by many that England, Germany, and New York have used their combined efforts to appreciate gold and depreciate silver. Germany has pushed upon the market nearly all her surplus silver, and with the aid of England has succeeded in temporarily overstocking it, hoping thereby to influence the legislation of this country.

Mr. President, the United States is the largest silver-producing country in the world, and certainly produces more silver than all Europe combined. This being the case, it is not economy nor is it the part of wisdom or statesmanship to refuse to make use of it as money as contemplated by this bill and authorized by the Constitution.

England, with the gold standard, lost during the year 1877 \$27,540,000 in gold; while France, with the double standard of gold and silver, gained or added to her stock of gold \$79,000,000 during that year.

The United States are gaining in coin and bullion, as the following figures will show:

Years.	Imports in coin and bullion.	Exports in coin and bullion.	Difference.
1875-----	\$20,900,717	\$33,857,129	\$62,956,412
1876-----	15,936,681	50,038,691	34,102,010
1877-----	40,774,414	43,134,738	2,360,324

Coin in United States Treasury February 1, 1877 and 1878.

	1877.	1878.
Coin in Treasury	\$84,477,680 36	\$126,882,989 47
Coin certificates	53,313,700 00	43,733,800 00
Coin, less certificates	33,163,980 36	84,149,189 47

EXPORTS AND IMPORTS.

It is said that the agitation and probable passage of the silver bill is causing our bonds held abroad to return to this country, and therefore it should not pass. In my opinion the return of bonds is due entirely to a different cause.

The official reports from the Treasury Department show that our—

Exports in 1876 amounted to	\$590,666,629
Imports in 1876 amounted to	427,347,165
Excess of exports for 1876	163,319,464
Exports in 1877 amounted to	\$620,268,222
Imports in 1877 amounted to	480,224,876
Excess of exports for 1877	140,043,346
Exports over imports for 1876 and 1877	\$303,462,810

Now, this excess of exports over imports must be paid to the United States by other countries, and this is being done partly in gold and partly by returning our bonds.

The return of our bonds and gold to this country being due to the balance of trade in our favor argues an approach to a healthy condition, inasmuch as it shows we produce more than we consume, and it is better that our bonds should be held at home and the interest paid to our people. France is prosperous notwithstanding her large public debt because it is held by her people.

Although the balance of trade as between the United States and Great Britain has been in our favor during the past year, we have exported to England \$10,300,000 in gold. This may not have been the case if silver had been in use here as contemplated by this bill, and now that it is believed silver is to be remonetized, gold and silver are returning to us from England.

Mr. President, for these and other reasons I believe it is a duty Congress owes to the whole people, particularly the laboring, debtor, and business classes, to pass this bill. It will utilize one of our chief products, and thereby add to the general wealth; it will make money known to the Constitution more abundant, and, in my opinion, help to relieve the present financial distress, aid in the resumption of specie payments, help restore confidence, now so much needed, and be the beginning of prosperity so long a stranger to our people.